



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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September 25, 2008

TO: Supervisor Yvonne B Burke, Chair  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe *Wendy L. Watanabe*  
Acting Auditor-Controller

SUBJECT: **THE COMMUNITY COLLEGE FOUNDATION CONTRACT REVIEW – A  
COMMUNITY AND SENIOR SERVICES WORKFORCE INVESTMENT  
ACT PROGRAM PROVIDER – FISCAL YEAR 2007-08**

We completed a program, fiscal and administrative contract compliance review of The Community College Foundation (TCCF or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) Program provider.

**Background**

CSS contracts with TCCF, a private non-profit organization to provide and operate the WIA Youth Program. The Program is a comprehensive training and employment program for in-school and out-of-school youth ages 14 to 21 years old. TCCF's offices are located in the First and Second Districts.

TCCF was compensated on a cost reimbursement basis and had a contract for \$134,443 for Fiscal Year (FY) 2007-08.

**Purpose/Methodology**

The purpose of the review was to determine whether TCCF complied with its contract terms and appropriately accounted for and spent WIA funds in providing services outlined in their County contract. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed a number of the Agency's staff and clients.

### **Results of Review**

Generally, TCCF maintained sufficient internal controls over its business operations. However, TCCF did not implement 16 (50%) of the 32 recommendations contained in our prior year's monitoring report, including repaying CSS \$12,705. TCCF also billed CSS an additional \$2,416 in unsupported and/or unallowable expenditures during the current monitoring review. For example, TCCF:

- Billed CSS \$1,216 in FY 2006-07 in bus passes that were not yet disbursed to the WIA participants as of June 30, 2007.
- Provided \$600 in incentives to two participants. However, TCCF did not maintain documentation to support whether the participants retained employment or remained in school for three months to warrant the incentives provided.
- Billed CSS \$600 in supportive services provided to two individuals not eligible to receive WIA services.

In addition, TCCF did not always comply with WIA and County contract requirements. For example, TCCF did not:

- Maintain appropriate documentation to support the eligibility for four (40%) of the ten participants sampled.
- Report the participants' program activities on the Job Training Automation system for four (40%) of the ten participants sampled. Subsequent to our review, TCCF provided additional documentation to support the eligibility for two of the four participants.
- Obtain two authorized signatures on all checks.

Details of our review along with recommendations for corrective action are attached.

### **Review of Report**

We discussed our report with TCCF and CSS on June 26, 2008. In their attached response, TCCF agreed to reimburse CSS \$1,200. The Agency indicated that they did provide adequate documentation to support the eligibility for the four individuals identified in our report. As indicated in our report, subsequent to our review, TCCF provided additional documentation to support the eligibility for only two of the four individuals. TCCF also indicated that they billed CSS \$1,216 in FY 2006-07 for bus passes that were disbursed to WIA participants during FY 2006-07. However, TCCF did not provide documentation to show that the \$1,216 in bus passes purchased on June 28, 2007 were disbursed to the WIA participants by June 30, 2007.

In addition, TCCF indicated that they will not renew their contract with the County for FY 2008-09. Prior to contracting with TCCF in the future, CSS needs to ensure that all recommendations are implemented.

We thank TCCF for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (626) 293-1102.

WLM:MMO:DC

Attachment

c: William T Fujioka, Chief Executive Officer  
Cynthia Banks, Director, Department of Community and Senior Services  
Richard B. Fowler, President, The Community College Foundation  
Philip Wentz, Chairperson, The Community College Foundation  
Public Information Office  
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM  
THE COMMUNITY COLLEGE FOUNDATION  
FISCAL YEAR 2007-08**

**ELIGIBILITY**

**Objective**

Determine whether The Community College Foundation (TCCF or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

**Verification**

We reviewed the case files for ten (24%) of the 41 participants that received services between July 2007 and March 2008 for documentation to confirm their eligibility for WIA services.

**Results**

TCCF did not maintain appropriate documentation to support the eligibility for four (40%) of the ten participants sampled. Specifically, TCCF did not maintain documentation to support the participants' income and/or residence as required by WIA guidelines. Subsequent to our review, TCCF provided additional documentation to support the eligibility for two of the four participants. TCCF did not bill CSS any direct costs associated with providing services to the two remaining ineligible individuals. However, the Agency may have billed CSS for indirect services for the ineligible individuals, such as staff time. However, we were unable to determine the amount. Similar findings were also noted during the prior two years' monitoring reviews.

**Recommendations**

**TCCF management:**

- 1. Ensure that staff obtain appropriate documentation from the participants to determine the participants' eligibility for program services prior to enrollment.**
- 2. Review the eligibility of all program participants and repay CSS for services provided to participants that were ineligible to receive program services.**

**BILLED SERVICES/CLIENT VERIFICATION****Objective**

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

**Verification**

We reviewed the documentation contained in the case files for ten (24%) participants that received services during July 2007 through March 2008. We also interviewed two participants/guardians.

**Results**

The two participants/guardians interviewed stated that the services they received met their expectations. However, TCCF did not always comply with WIA and County contract requirements. Specifically, TCCF:

- Provided \$300 incentives to two (20%) of the ten participants sampled for retaining employment or remaining in school for three months. However, TCCF did not maintain documentation, such as paycheck stubs and proof of enrollment, to support whether the participants retained employment or remained in school for three months to warrant the incentives provided. The unsupported incentives totaled \$600.
- Did not discuss the Individual Strategy Service (ISS) plans with the participants on a monthly basis for one (10%) of the ten participants sampled. The ISS plan is an on going strategy jointly developed by the participant and case manager that identifies the participant's employment goals, appropriate achievement objectives and a combination of services to achieve long term employment. This finding was also noted during the prior two years' monitoring reviews.
- Did not accurately report the participants' program activities, such as leadership training, supportive services and work experience, into the Job Training Automation (JTA) system for four (40%) of the ten participants sampled. The JTA system is used by the State of California Employment Development Department and the Department of Labor to track WIA participants' activities. This finding was also noted during the prior two years' monitoring review.

**Recommendations****TCCF management:**

3. Repay CSS \$600 and review all incentives provided to ensure that the incentives are adequately supported.
4. Ensure that staff discuss the ISS plans with the participants on a monthly basis.
5. Ensure that staff accurately updates the JTA system to reflect the participants' program activities within 30 days of the program activities.

**PERFORMANCE OUTCOMES****Objective**

Determine whether TCCF met the planned performance outcomes as outlined in the County contract and accurately reported the performance outcomes reported to the Workforce Investment Board (WIB).

**Verification**

We compared the reported Fiscal Year (FY) 2007-08 actual performance outcomes for the second quarter to the planned performance outcomes outlined in the County contract and to the program activities reported on the Job Training Automation (JTA) system. We also reviewed the documentation contained in the case files for ten participants reported as having exited the program, completed training and/or gained employment during the first two quarters of FY 2007-08.

**Results**

TCCF did not meet all the performance outcomes as outlined in the County contract. Specifically, TCCF planned that two participants would successfully complete training by the end of the second quarter. However, only one participant successfully completed training. The County contract requires all contractors to obtain at least 85% of their planned performance outcomes.

**Recommendation**

6. TCCF management ensure that performance outcomes outlined in the County contract are met.

**CASH/REVENUE****Objective**

Determine whether cash receipts and revenue are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

**Verification**

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's February 2008 bank reconciliation.

**Results**

TCCF maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner. However, TCCF did not obtain two authorized signatures on all checks as required by the County contract. In addition, the Agency's accounting policies and procedures manual did not comply with County contract requirements. Specifically, TCCF's accounting policy requires only one signature for checks under \$50,000. Similar findings were also noted during the prior two years' monitoring reviews.

**Recommendations****TCCF management:**

7. Obtain two authorized signatures on all checks as required by the County contract.
8. Revise the Agency's accounting manual to comply with County contract requirement and ensure compliance with the revised policies.

**EXPENDITURES/PROCUREMENT****Objective**

Determine whether program related expenditures were allowable under the County contract, properly documented and accurately billed.

**Verification**

We interviewed Agency personnel, reviewed financial records and reviewed documentation for 22 non-payroll expenditure transactions billed by the Agency for December 2007 and January 2008, totaling \$13,794.

**Results**

TCCF's expenditures were generally allowable, accurately billed and supported by documentation as required. However, TCCF billed CSS \$300 in supportive services provided to one non-WIA participant. A similar finding was also noted during the prior year's monitoring review.

**Recommendations****TCCF management:**

9. Repay CSS \$300.
10. Request reimbursement for only WIA related expenditures.

**ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE****Objective**

Determine whether the Agency maintained sufficient controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

**Verification**

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various areas such as expenditures, payroll and personnel.

**Results**

Generally, TCCF maintained sufficient internal controls over its business operations. However, TCCF did not maintain an appropriate procedural manual for administering the WIA Youth Program. For example, TCCF's procedural manual did not identify specific procedures for administering the program, such as how staff should screen and document the participant's eligibility, how often the staff should discuss the ISS plans with the participants, how to determine the length of time program services will be needed, or when the staff should administer the post-assessment exam for basic skills deficient participants. This finding was also noted during the prior two years' monitoring reviews.

**Recommendation**

11. TCCF management develop and distribute the WIA program procedural manual and ensure that staff comply with the program requirements.



**FIXED ASSETS AND EQUIPMENT****Objective**

Determine whether TCCF's fixed assets and equipment purchases made with WIA funds are used for the WIA program and are adequately safeguarded.

**Verification**

We interviewed Agency personnel and reviewed the Agency's fixed assets and equipment inventory listing. In addition, we performed an inventory and reviewed the usage of all five items purchased with WIA funds, totaling \$2,408.

**Results**

TCCF used the equipment purchased with WIA funds for the WIA program and the assets were safeguarded.

**Recommendation**

There are no recommendations for this section.

**PAYROLL AND PERSONNEL****Objective**

Determine whether payroll expenditures were appropriately charged to the WIA program. In addition, determine whether personnel files were maintained as required.

**Verification**

We traced the payroll expenditures invoiced for four employees totaling \$4,589 for January 2008 to the Agency's payroll records and time reports. We also interviewed two employees and reviewed the personnel files for four employees assigned to the WIA program.

**Results**

TCCF appropriately charged payroll expenditures to the WIA program. In addition, the personnel files contained documentation to show background checks were completed for the four individuals. However, TCCF did not maintain a copy of the employee's work history in the employee's personnel file for one (25%) of the four employees sampled as required by the County contract.

**Recommendation**

12. TCCF management ensure that the required documentation is maintained in the personnel files.

**COST ALLOCATION PLAN****Objective**

Determine whether TCCF's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the Plan to appropriately allocate shared program expenditures.

**Verification**

We reviewed TCCF's Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency in December 2007 and January 2008 to ensure that the expenditures were properly allocated to the Agency's programs.

**Results**

TCCF's Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

**Recommendation**

There are no recommendations for this section.

**CLOSE-OUT REVIEW****Objective**

Determine whether the Agency's FY 2006-07 final close-out invoice reconciled to the Agency's financial accounting records.

**Verification**

We traced the Agency's FY 2006-07 general ledger to the Agency's final close-out invoices for FY 2006-07. We also reviewed a sample of expenditures incurred in June 2007.

**Results**

TCCF billed CSS \$1,516 in unsupported and unallowable expenditures. Specifically, TCCF billed CSS:

- \$1,216 in FY 2006-07 for bus passes that were not disbursed to the WIA participants as of June 30, 2007. The bus passes were purchased on June 28, 2007.
- \$300 in incentives provided to one non-WIA participant.

### **Recommendations**

#### **TCCF management:**

**Refer to Recommendation #10.**

**13. Repay CSS \$1,516.**

**14. Ensure that expenditures charged to the WIA program are for costs incurred during the contract period.**

### **PRIOR YEAR FOLLOW-UP**

#### **Objective**

Determine the status of the recommendations reported in the prior monitoring review completed by the Auditor-Controller.

#### **Verification**

We verified whether the outstanding recommendations from the FY 2006-07 monitoring review were implemented. The report was issued on December 27, 2007.

#### **Results**

The prior year's monitoring report contained 32 recommendations. At the time of our review, TCCF implemented 17 recommendations. As previously indicated, the findings related to Recommendations 1, 2, 4, 5, 7, 8, 10, 11, and 12, contained in this report were also noted during the prior year's monitoring review. The remaining six recommendations required the Agency to repay CSS \$12,705 and implement the outstanding recommendations from FY 2005-06 monitoring report. TCCF management stated that they will implement the outstanding recommendations by June 30, 2008.

### **Recommendations**

#### **TCCF management:**

**15. Repay CSS \$12,705.**

**16. Implement the outstanding recommendations.**

The Community College Foundation



July 16, 2008

Wendy L. Watanabe  
Acting Auditor-Controller  
Department of Auditor-Controller  
Countywide Contract Monitoring Division  
1000 S. Fremont Avenue, Unit #51  
Alhambra, CA 91803  
Attention: Yoon Bae

Dear Ms. Watanabe:

Please find enclosed our response to the report dated June, 2008 regarding the on-site review of our Workforce Development Program contract with the County of Los Angeles Community and Senior Services (CSS).

We appreciate the opportunity to provide our responses for each finding. TCCF has chosen not to reapply for this contract; therefore, no corrective actions will be noted for findings # 1, 4, 5, 6, 8, 10, 11, 12.

Please also find enclosed a copy of the letter we received from Heberto Sanchez regarding monitoring review for FY 06-07 and the resolved actions of findings (1, 9, 11, 19, 24, 29 and 31). This then takes care of finding #15, as it has been taken care of.

**Eligibility-** TCCF concurs that appropriate documentation was not accepted by your agency. TCCF felt the documentation was sufficient to provide proof of income verification, but understands your office's point that it was insufficient.


**Billed Services/Client Verification-** TCCF will repay CSS \$600 provided to participants whose documentation was insufficient.

**Cash/Revenue-** Please see attached letter. FY 06-07 finding #9 is the same as FY 07-08 finding #7 which has been resolved.

**Expenditures/Procurement-** TCCF repay CSS \$300 provided to a non-WIA participant for supportive services.

**Close Out Review-** TCCF billed \$1,216 in FY06-07 in bus passes and they were disbursed to WIA participants during the FY 06-07. TCCF will repay CSS \$300 provided to participant for an incentive.

TCCF would like to thank Yoon Bae for taking the time with me to discuss the findings in detail. Please let me know if I have missed anything or if you have any questions, and I will attempt to address it as soon as possible.

Thank you,  
  
Kim Bradley  
Program Director, Youth Programs



CYNTHIA D. BANKS  
Director

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COMMUNITY AND SENIOR SERVICES  
OF LOS ANGELES COUNTY

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April 28, 2008

Kimberly Bradley, Program Manager  
The Community College Foundation  
WIA Youth Program  
3530 Wilshire Blvd., # 610  
Los Angeles, CA 90059

Dear Ms. Bradley:

**PY2006-2007 ON-SITE WIA MONITORING REVIEW**

The purpose of this letter is to inform you that we have received and reviewed your Corrective Action Plan (CAP) in response to the monitoring report of December 27, 2007, prepared by County of Los Angeles Department of Auditor-Controller.

Based on the review of their report findings 1, 9, 11, 19, 24, 29, and 31 have been resolved and no further action is required.

Furthermore, findings 2-8, 10, 12-18, 20-23, 25-28, 30, and 32 will be closed pending confirmation of correction by the Auditor Controller during their 2007-2008 follow-up monitoring visit.

Should you have any questions please contact me, at (213) 738-2675.

Sincerely,

A handwritten signature in black ink, appearing to read "Roberto Sanchez".

Roberto Sanchez,  
Project Supervisor

